

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO**

Jack J. Slim,

Plaintiff

v.

Life Insurance Company of North America, Royal Blue Hospitality, LLC d/b/a El Conquistador Resort-Puerto Rico, et al.,

Defendants.

Civil No. 24-1162 (GMM)

OPINION AND ORDER

Before the Court is Defendant Life Insurance Company of North America's ("LINA") *LINA'S Motion for Judgment on the Administrative Claim Record and to Dismiss All Claims* ("LINA's Motion for Judgment") (Docket No. 48); Defendant Royal Blue Hospitality, LLC d/b/a El Conquistador Resort - Puerto Rico's ("Royal Blue") *Motion for Judgment on the Record for Judicial Review and Incorporated Memorandum Of Law* ("Royal Blue's Motion for Judgment") (Docket No. 49); and Plaintiff Jack J. Slim's ("Slim") *Motion for Judgment on the Administrative Record* ("Plaintiff's Motion for Judgment") (Docket No. 50).

I. PROCEDURAL HISTORY

On July 19, 2024, Slim filed an *Amended Complaint* under the Employee Retirement Income Security Act ("ERISA"), 29 U.S.C. §1001 et seq, against LINA and his employer, Royal Blue. On November 22,

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2024, the Court issued an *Opinion and Order*. It granted in part and denied in part LINA's *Motion to Dismiss* at Docket No. 23. See (Docket No. 40). The Court determined that Slim's claim for denial of benefits under ERISA Section 502(a)(1)(B) survived dismissal. (Id. at 14). The Court also concluded that Slim failed to state claim for breach of fiduciary duties under Sections 501 (a)(2) and (a)(3). (Id. at 12)).

Consequently, on November 26, 2024, the Court granted LINA's *Motion to Proceed with Matter as an Administrative Appeal, for Judgment Based on the Administrative Record and to Amend Scheduling Order*. It ordered the parties to submit a copy of the complete administrative record along with their Motions for Judgment on the Record for Judicial Review, with incorporated Memoranda of Law. (Docket No. 43). Accordingly, on January 28, 2025, LINA filed a *Motion Submitting Administrative Claim Record and Plan Documents* ("Administrative Record"). (Docket No. 47). On that same date, LINA's Motion for Judgment was filed. (Docket No. 48). Likewise, Royal Blue filed its Motion for Judgment. (Docket No. 49). Plaintiff's Motion for Judgment was also filed on January 28, 2025. (Docket No. 50).

On February 11, 2025, LINA filed its *Opposition to Plaintiff's Motion for Judgment on the Administrative Record*. (Docket No. 51). On even date, Royal Blue filed *Royal Blue Hospitality's Response to Plaintiff's "Motion for Judgment on the Administrative Record"*.

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(Docket No. 52). Also on that date, Slim filed his Response to Defendants' Motions for Judgment on the Administrative Record. (Docket No. 53).

II. STANDARD OF REVIEW

ERISA allows a participant or beneficiary to bring an action "to recover benefits" under a plan governed by the statute. See 29 U.S.C. § 1132(a)(1)(B). "In the ERISA context, motions for summary judgment 'are nothing more than vehicles for teeing up ERISA cases for decision on the administrative record.'" Ministeri v. Reliance Stand. Life Ins. Co., 42 F.4th 14, 21 (1st Cir. 2022) (quoting Stephanie C. v. Blue Cross Blue Shield of Mass. HMO Blue, Inc., 813 F.3d 420, 425 n.2 (1st Cir. 2016)). This posture sweeps aside "[t]he burdens and presumptions normally attendant to summary judgment practice." Id. That is, "the factual determination of eligibility for benefits is decided solely on the administrative record, and 'the non-moving party is not entitled to the usual inferences in its favor.'" Bard v. Boston Shipping Ass'n, 471 F.3d 229, 235 (1st Cir. 2006) (quoting Orndorf v. Paul Revere Life Ins. Co., 404 F.3d 510, 517 (1st Cir. 2005)).

As a first step, "an inquiring court must peruse the plan documents in order to determine the standard of judicial review applicable to a claims administrator's denial of benefits."

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McDonough v. Aetna Life Ins. Co., 783 F.3d 374, 379 (1st Cir. 2015).

A challenge to a denial of benefits is reviewed *de novo* "unless the benefit plan gives the administrator or fiduciary discretionary authority to determine eligibility for benefits or to construe the terms of the plan." Stephanie C. v. Blue Cross Blue Shield of Mass. HMO Blue, Inc., 813 F.3d 420, 427 (1st Cir. 2016) (quoting Firestone Tire & Rubber Co. v. Bruch, 489 U.S. 101, 115, 109 S.Ct. 948, 103 L.Ed.2d 80 (1989)). "Where the delegation of discretionary authority is sufficiently clear and notice of it has been appropriately provided, the claims administrator's decision will be upheld unless it is arbitrary, capricious, or an abuse of discretion." Id. Under this standard, "a reviewing court asks whether a[n] . . . administrator's determination is plausible in light of the record as a whole, or, put another way, whether the decision is supported by substantial evidence in the record." Niebauer v. Crane & Co., 783 F.3d 914, 923 (1st Cir. 2015) (internal quotation marks omitted). An administrator's decision "must be upheld if there is any reasonable basis for it." Madera v. Marsh USA, Inc., 426 F.3d 56, 64 (1st Cir. 2005).

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**III. FINDINGS OF FACT BASED ON DE NOVO REVIEW OF
ADMINISTRATIVE RECORD**

The parties filed the Administrative Record at Docket No. 47.

Upon its review, the Court makes the following findings of fact:

1. On August 16, 2021, Royal Blue hired Slim as Manager Director/General Manager at El Conquistador. He held that position at all times relevant to the *Amended Complaint*. (Docket No. 47-2 at 28;41).
2. LINA issued Group Life Insurance Policy SGM 610197 ("the Policy") to the Trustee of the Group Insurance Trust for Employees in the Services Industries on behalf of Royal Blue. (Docket Nos. 47-1; 47-2 at 71-115).
3. The Policy is deemed a Group Life Insurance Plan Document under ERISA ("The Plan"). (Docket No. 47-2 at 1).
4. Royal Blue was the plan administrator. (Docket No. 47-1 at 42).
5. Under the terms of the Plan, Royal Blue acts as an agent of the employees for all transactions relating to the Policy. (Docket No. 47-1 at 34).
6. As plan administrator, Royal Blue appointed LINA as a claim fiduciary ("Claim Fiduciary") for the review of claims for benefits. (Docket No. 47-2 at 3).
7. According to the document titled "Employee Welfare Benefit Plan Appointment of Claim Fiduciary", as the designated Claim Fiduciary, LINA is "responsible for adjudicating claims for benefits under the Plan, and for deciding any appeals of adverse claim determinations." (Docket No. 47-2 at 3).
8. Pursuant to this delegation by the plan administrator, LINA has "the authority, in its discretion, to interpret the terms of the Plan, including the Policies, to decide questions of eligibility for coverage or benefits under the

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Plan; and to make any related findings of fact. All decisions made by such Claim Fiduciary shall be final and binding on Participants and Beneficiaries of the Plan to the full extent permitted by law." (Docket No. 47-2 at 3).

9. As an active full-time employee of Royal Blue, who regularly worked a minimum of 30 hours per week in the United States, earned at least \$15,000 annually and is a citizen of the United States, Slim was an eligible beneficiary of the Plan. (Docket No. 47-1 at 13; 47-2 at 73).
10. Slim first became eligible to elect Plan benefits on November 16, 2021, after he met the Eligibility Waiting Period. (Docket No. 47-2 at 41).
11. As per the "Insurance Enrollment Form" signed by Slim on November 30, 2021, he elected the "Group Term Dependent" life benefits in the amount of \$300,000. However, the maximum amount allowed by the Plan is \$250,000. (Docket No. 47-2 at 42; 128).
12. As per the "Insurance Enrollment Form", Slim enrolled his wife, Stephanie Slim, in the voluntary spouse life insurance, declared he had been married to her since August 25, 2011, and indicated that he was married to her at the time of enrollment. (Docket No. 47-2 at 128).
13. The Plan provides for spouse benefits which include a Guaranteed Issue Amount of \$30,000.00, but employees can elect to increase coverage up to a maximum of \$250,000.00 ("supplemental coverage"). (Docket No. 47-1 at 14; 47-2 at 76).
14. To obtain the supplemental coverage, the Plan requires proof that the spouse satisfies the Insurability Requirement. (Docket No. 47-1 at 15; 47-2 at 77).
15. Specifically, the Plan provides:
For Spouses
During an Annual Enrollment Period, an eligible Employee may elect coverage for his or her eligible Spouse. If a Spouse is currently insured under the Voluntary

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Life Insurance portion of this Policy, his or her Voluntary Life Insurance Benefit may be increased, as long as the total Benefit does not exceed the Maximum Benefit, by satisfying the Insurability Requirement. If a Spouse is eligible for the Voluntary Life Insurance portion of this Policy but has not previously enrolled, he or she may become insured under the Policy, as long as the total Benefit does not exceed the Maximum Benefit, by satisfying the Insurability Requirement. Insurance will be effective on the later of the Policy Anniversary following the Annual Enrollment Period or the date the Insurance Company agrees in writing to insure the Spouse. (Docket No. 47-2 at 77).

16. The Plan also states under "Initial Enrollment":
A Spouse may become insured for an amount in excess of amounts described above only if he or she satisfies the Insurability Requirement. Any excess amount will be effective on the date the Insurance Company agrees in writing to insure the Spouse. (Docket No. 47-2 at 87).
17. Under the "Definitions" section of the Plan, "Insurability Requirement" is defined as follows:
An eligible person satisfies the Insurability Requirement for an amount of coverage on the day we agree in writing to accept you as insured for that amount. To determine a person's acceptability for coverage, we will require you to provide evidence of good health and may require it be provided at your expense. (Docket No. 47-1 at 34; 47-2 at 107).
18. Regarding the effective date of insurance, the Plan provides:
An Employee or his or her eligible Spouse will be insured for an amount that exceeds the Guaranteed Issue Amount on the date the Insurance Company agrees in writing to insure that eligible person.

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The Insurance Company will require the eligible person to satisfy the Insurability Requirement before it agrees to insure him or her.

19. Slim's wife passed away on February 16, 2023. (Docket No. 47-2 at 9-15).
20. On June 12, 2023, LINA received Slim's claim for life insurance benefits in connection to the death of his wife. (Docket No. 47-2 at 116-123).
21. Slim's "Proof of Loss" form requested voluntary supplemental insurance benefits in the amount of \$250,000.00. (Docket No. 47-2 at 122).
22. Through a letter dated October 4, 2023, LINA informed Slim that he would receive the Guaranteed Issue Amount of \$30,000.00, representing the Spouse Guaranteed Issue Amount. (Docket No. 47-2 at 30).
23. Through a separate letter also dated October 4, 2023, LINA informed Slim of the denial of the voluntary supplemental benefits. (Docket No. 47-2 at 26-29).
24. Specifically, LINA informed that the following documents were reviewed in reaching their determination:
 - a. The Policy claim form for the life of Stephanie Slim
 - b. State of Florida Certificate of Death for Stephanie Slim
 - c. Requested Proof of Evidence of Insurance from LINA's Medical Underwriting Department The Policy(Docket No. 47-2 at 27-28).
25. In addition to quoting the pertinent Plan sections, LINA explained its determination as follows:

Per the Royal Blue Hospitality Policy SGM 610197: "An Employee or his or her

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eligible Spouse will be insured for an amount that exceeds the Guaranteed Issue Amount on the date the Insurance Company agrees in writing to insure that eligible person. The Insurance Company will require the eligible person to satisfy the Insurability Requirement before it agrees to insure him or her." In addition, the policy stipulates that during an Annual Enrollment Period, "If a Spouse is currently insured under the Voluntary Life Insurance portion of this policy, [or] is eligible for the Voluntary Life Insurance portion of this Policy but has not previously enrolled, he or she may become insured under the Policy, as long as the total Benefit does not exceed the Maximum Benefit, by satisfying the Insurability Requirement."

According to the documentation submitted by Royal Blue Hospitality, you were hired on 8/16/2021 and first enrolled Stephanie Slim in Voluntary Spouse Life insurance on 11/30/2021 in the amount of \$300,000. This amount exceeds the Maximum Benefit (\$250,000) for Spouses under Class 1. Furthermore, the amount elected over the Guaranteed Issue (\$30,000) required completion of the Insurability Requirement and approval, in writing, by our Medical Underwriting Department. The State of Florida Certificate of Death indicates that Ms. Slim passed away on 2/16/2023.

Our Medical Underwriting Department confirmed that they have no record of Evidence of Insurability being submitted or approved for Ms. Slim's Voluntary Spouse Life Insurance benefit. As such, we must regretfully inform you that the amount of Voluntary Spouse Life benefits elected over the Guaranteed Issue never went into effect and is not payable. Therefore, this benefit has been paid up

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to the Guaranteed Issue Amount of
\$30,000.

(Docket No. 47-2 at 28).

26. The denial letter also included the appeal rights under ERISA, and explained that, among other things, the appeal may contain "proof that Stephanie Slim satisfied the Insurability Requirement and her Voluntary Spouse Insurance Election was approved, in writing, by our Medical Underwriting Department for the amount elected over the policy's Guaranteed issue." (Docket No. 47-2 at 28-29).
27. On October 26, 2023, Slim appealed the denial of supplemental coverage. (Docket No. 47-2 at 53).
28. LINA received the appeal by e-mail on October 31, 2023 and by regular mail on November 6, 2023. (Docket No. 47-2 at 33-34, 53).
29. With his appeal, Slim submitted a completed Evidence of Insurability Form dated November 17, 2021, and a printout of his paycheck deductions. (Docket No. 47-2 at 34-38, 54-66).
30. On December 21, 2023, LINA upheld its decision to deny the additional voluntary supplemental spouse benefits. (Docket No. 47-2 at 41).
31. In the letter, LINA explained that the decision to deny the benefits was based on the following:
 - a. you were hired at Royal Blue Hospitality, LLC on August 16, 2021;
 - b. you first became eligible to elect Group Term Dependent Life insurance benefits to become effective November 16, 2021 after you met the Eligibility Waiting Period;
 - c. you elected Group Term Dependent Life insurance benefits on Stephanie Slim in the amount of \$250,000 to become effective November 16, 2021;

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- d. the Policy provides a Spouse Guaranteed Issue Amount of \$30,000, and amounts above this required proof that she satisfied the Insurability Requirement to be submitted; and
- e. proof that she satisfied the Insurability Requirement was never received, and Life Insurance Company of North America never agreed in writing to insure her for any amount above the Guaranteed Issue Amount of \$30,000.

(Docket No. 47-2 at 41-42).

- 32. The letter provided a summary of the evidence reviewed and an explanation for LINA's decision. (Docket No. 47-2 at 42-46).
- 33. In particular, the decision stated that LINA's "Medical Underwriting department reported proof Mrs. Slim satisfied the Insurability Requirement was never received. Therefore, LINA never agreed in writing to insure her for the amount of Group Term Dependent Life insurance benefits elected above the Guaranteed Issue Amount." (Docket No. 47-2 at 42).
- 34. Further, the decision stated:
Based upon the information on file as of October 4, 2023, the claim for Group Term Dependent Life insurance benefits above the \$30,000 that was already paid following the death of Stephanie Slim was denied. Any amount elected above the Guaranteed Issue Amount required the Spouse to satisfy the Insurability Requirement, and this amount would become effective the date LINA agreed in writing to insure the Spouse.

No proof was received that Mrs. Slim satisfied the Insurability Requirement, and LINA never agreed in writing to insure her for any amount above \$30,000. Her coverage above the \$30,000 never became effective and it we determined no

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further Group Term Dependent Life insurance benefits were payable under policy SGM 610197.

(Docket No. 47-2 at 43).

35. In addition, the letter stated that while the spreadsheets of Slim's Royal Blue payroll "showed deductions for Group Term Dependent Life coverage, the Evidence of Insurability form signed November 17, 2021, was not submitted to LINA at the time of [his] application." (Docket No. 47-2 at 43).
36. The letter also indicated that, "to the extent that premiums may have been deducted from Slim's pay for coverage otherwise unavailable under the Policy" he should contact Royal Blue to arrange for a premium refund. (Docket No. 47-2 at 43).

IV. APPLICABLE LAW AND ANALYSIS

A. Applicable Standard of Judicial Review

As previously highlighted, the First Circuit has consistently stated that when a denial of benefits is challenged under ERISA, courts apply a deferential arbitrary and capricious standard of review if the benefit plan gives the administrator or fiduciary discretionary authority to determine eligibility for benefits or to construe the plan's terms. See Stephanie C. v. Blue Cross Blue Shield of Mass. HMO Blue, Inc., 813 F.3d at 427 () (quoting Firestone Tire & Rubber Co., 489 U.S. 101). In this case, Royal Blue was designated as the plan administrator. However, Royal Blue appointed LINA as a Claim Fiduciary and granted LINA discretionary authority to adjudicate claims for benefits under the Plan and to decide any appeals of adverse determinations as is reflected in the document entitled "Employee Welfare Benefit Plan Appointment

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of Claim Fiduciary". See (Docket No. 47-2 at 3). Hence, the Court must determine whether LINA's decision, as the Claim Fiduciary, is arbitrary and capricious or, looked at from another angle, whether that decision is reasonable and supported by substantial evidence on the full record.

B. Claim as to LINA

A review of the Administrative Record reflects that Slim, as an employee of Royal Blue, was an eligible beneficiary of the Plan. The Policy provides for spouse benefits which include a Guaranteed Issue Amount of \$30,000.00, but employees can elect to increase coverage up to a maximum of \$250,000.00. Accordingly, Slim submitted an "Insurance Enrollment Form" on November 30, 2021, seeking the enrollment of his spouse in the voluntary spouse life insurance for \$250,000.

To this point, the Administrative Record shows that to obtain the supplemental coverage the Plan unequivocally requires proof that the spouse satisfies the Insurability Requirement. Specifically, the Policy clearly establishes that when "Spouse coverage is elected **in an amount that exceeds the Guaranteed Issue Amount**. . .this insurance will be effective on the date the Insurance Company agrees in writing to insure that eligible person. **The Insurance Company will require the eligible person to satisfy the Insurability Requirement before it agrees to insure him or her.**" See (Docket No. 47-2 at 88) (emphasis added). In another

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section, the Policy also states: "A Spouse may become insured for an amount in excess of amounts described above *only if he or she satisfies the Insurability Requirement. Any excess amount will be effective on the date the Insurance Company agrees in writing to insure the Spouse.*" See (id. at 87). (emphasis added). Furthermore, the Policy defines the Insurability Requirement to "**require evidence of good health.**" (Docket Nos. 47-1 at 34; 47-2 at 107) (emphasis added). In addition, the Insurability Requirement definition explains that it is satisfied "on the day [LINA] agree[s] in writing to accept you as insured for that amount." (Docket Nos. 47-1 at 34; 47-2 at 107).

A review of the Administrative Record reveals that Slim selected supplemental coverage "in an amount that exceeds the Guaranteed Issue Amount." Therefore, he had to comply with the Insurability Requirement. However, there is no evidence on the Administrative Record that shows that Slim complied with the Insurability Requirement.

The record only shows that on October 31, 2023 –after his wife's death and after her enrollment–, LINA received a copy an "Evidence of Insurability" form signed November 17, 2021, which was submitted with Slim's letter of appeal. See (Docket No. 47-2 at 33, 49, 54, 62). Together with the appeal Slim also sent spreadsheets of the Royal Blue payroll deductions for pay dates from September 3, 2021, through October 27, 2023. (Id. at 53-60).

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Slim, however, did not include any proof that the "Evidence of Insurability" form was either sent or received by e-mail or regular mail at the time of enrollment or prior to the appeal, nor did he submit the proof that he submitted the additionally required evidence to establish his spouse's "good health." Moreover, he did not submit any evidence that LINA had agreed in writing to insure his spouse.

On the contrary, the Administrative Record contains evidence that LINA did not receive the required "Evidence of Insurability." Specifically, an e-mail reflects the following: "We have no record of receiving any EOI's or approving any coverage for either of these individuals." See (Docket No. 47-2 at 17). An exhaustive review of the record reflects lack of any of the evidence regarding "Evidence of Insurability," except for the copy of the form submitted by Slim with the appeal.

For a denial of benefits claim, the Court's inquiry turns on the question whether the claimant has established that he is entitled to the benefits he seeks. Here, the record demonstrates that that Slim was not entitled to the supplemental coverage because he failed to provide "Evidence of Insurability" as required by the Plan.

Notwithstanding, Slim argues that the "denial of his spousal supplemental coverage claim was arbitrary and capricious inasmuch as between December 2021 and February 2023, LINA collected the

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premiums that Royal Blue deducted from the plaintiff's pay and remitted to the former for such coverage, without any objections, limitations or exceptions." (Docket No. 50 at 7). Slim seemingly argues that by accepting premium payments, either intentionally or tacitly, LINA waived the requirement for evidence of insurability. He supports his contention referencing Shields v. United of Omaha Life Ins. Co., 50 F.4th 236 (1st Cir. 2022). Unfortunately for Slim, such contention finds no support in the Administrative Record, nor in the applicable law.

As the First Circuit has explained "a waiver. . .[is] an intentional relinquishment or abandonment of a known right or privilege." Shields v. United of Omaha Life Ins. Co., 50 F.4th at 246-47 (citing Rodriguez-Abreu v. Chase Manhattan Bank, N.A., 986 F.2d 580, 587 (1st Cir. 1993)) (emphasis in the original). In this case, Slim's claim fails because the record does not establish a voluntary, intentional relinquishment of the requirement for evidence of insurability as a predicate to his obtaining supplemental coverage under the Plan. Other than pointing to the deductions to his payroll, Slim identifies no other evidence in the record that could show that LINA intended to make the claimed waiver. To this extent, the decision on appeal sustains that "payment of premium does not, by itself, create coverage under the Policy where it would not otherwise exist." See (Docket No. 47-2 at 43).

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The consistent trend among the district courts is to refuse to apply waiver in ERISA cases where it would expand the scope of coverage under the ERISA plan to an otherwise ineligible participant. See, e.g., Colardo v. Metro. Life Ins. Co., No. 8:10-cv-1615-T-30, 2011 WL 1899253 (M.D. Fla. Mar. 16, 2011). The First Circuit adopted that same reasoning in Shields v. United of Omaha Life Ins. Co., 50 F.4th 236, 247 (1st Cir. 2022) where, like in this case, plaintiff failed to comply with the Plan's evidence of good health requirement. There, the Court of Appeals refused to accept plaintiff's similar waiver argument and affirmed the district court's summary judgment.

Furthermore, with respect to evidence of good health, other courts have found that where evidence of good health is a required element for coverage, it cannot be waived as it is the plaintiff's burden to establish that he is entitled to benefits in an action brought pursuant to a contract or federal law. See American Society for Technion-Israel Institute of Technology, Inc., 2009 WL 2883598, *7 (S.D.N.Y. Sept. 8, 2009). Furthermore, where the approval of good health is a condition of coverage, the defense of lack of good health will not be deemed waived, regardless of whether the burden was on the plaintiff to submit the necessary documentation or the defendant to request it. See Everett v. United of Omaha Life Ins. Co., No. CIV.A. 3:11-0926, 2013 WL 5570222, at *10 (M.D. Pa. Oct. 9, 2013); see also Rowello v. Healthcare

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Benefits, Inc., No. CIV. 12-4326 RBK/JS, 2013 WL 6510475, at *6 (D.N.J. Dec. 13, 2013) (holding that the insurer's decision was not arbitrary and capricious because it was based upon substantial evidence, and that the records supported a finding that it did not receive any Evidence of Insurability form, and that plaintiff failed to offer any evidence that could led a reasonable finder of fact to conclude that they received it or knew of its existence); Yale v. Sun Life Assur. Co. of Canada, No. 1:12-CV-01429-AWISAB, 2013 WL 5923073, at *13 (E.D. Cal. Oct. 31, 2013) ("A finding that Yale's payment-and Sun Life's acceptance-of premiums for \$250,000 worth of coverage constituted a waiver of the EOI requirements would be "in direct conflict with the plain written terms of the plan".); Funicelli v. Sun Life Fin. (US) Services Co., Inc., No. CIV.A. 12-06659 FLW, 2014 WL 197911, at *9 (D.N.J. Jan. 14, 2014).

In addition, the Court notes that although Slim relies on the ruling in Shields v. United of Omaha Life Ins. Co. to point to LINA's failure to make an eligibility determination before accepting his premiums, it must be clarified that this aspect was addressed by the First Circuit in the context of a breach of fiduciary duty claim under ERISA. This is not the case as now the Court is only considering the denial of benefits claim under ERISA Section 502(a)(1)(B) and not the breach of fiduciary claim under Section 501 (a)(2) and (a)(3). See (*Opinion and Order* at Docket No. 40 at 12).

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Undoubtedly, the collection of premiums in these circumstances where he ultimately did not receive the benefits he sought was unjust to Slim. Yet, any alleged error on the part of Royal Blue or LINA regarding payroll deductions of premiums—which is not established by the Administrative Record—does not alter the plain terms of the Plan, which placed the burden for providing such evidence of insurability on the employee. Further, any alleged failure of Defendants to request such evidence does not alter the correctness of the decision. Insofar the Insurability Requirement was not met at the time of enrollment —since neither evidence of good health nor of LINA's approval in writing are on record—any payroll deductions of premiums do not create coverage where it did not exist. Nor can such deductions render the denial of benefits under the clear terms of the Plan arbitrary or capricious. See Shields 50 F.4th 236 (holding it was not arbitrary and capricious for Defendant to deny Plaintiff's claim for excess coverage, given the failure to submit any evidence that could satisfy the good health requirement as established under the terms of the plan).

While it is an unfortunate result, it appears that Slim's sole remedy is a refund of the premiums that were deducted.

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B. Claim as to Royal Blue

In the First Circuit, the proper party defendant in a denial of benefits claim under Section 502(a)(1)(B) of ERISA is the party that controls the administration of the plan. See Terry v. Bayer Corp., 145 F.3d 28, 36 (1st Cir. 1998). In particular, “[e]xercising control over the administration of benefits is the defining feature of the proper defendant under 29 U.S.C. § 1132(a)(1)(B).” Newman v. Metro. Life Ins. Co., No. CV 12-10078-DJC, 2013 WL 951779, at *6 (D. Mass. Mar. 8, 2013). Performance of “ministerial functions in the processing of [insurance] claims” is insufficient to make an entity liable under § 502(a)(1)(B) of ERISA. See Gomez-Gonzalez v. Rural Opportunities, Inc., 626 F.3d 654, 666 (1st Cir. 2010). As the First Circuit has explained, “[t]he mere exercise of physical control or the performance of mechanical administrative tasks generally is insufficient to confer fiduciary status.” Id. at 665; see also Terry, 145 F.3d at 35-36; Beddall v. State St. Bank & Trust Co., 137 F.3d 12, 18 (1st Cir. 1998).

“As the Terry court suggested, the focus is not on labels but rather on function and, specifically, what party ‘controls the administration of the plan.’” DiGregorio v. PricewaterhouseCoopers Long Term Disability Plan, No. CV 03-11191-DPW, 2004 WL 1774566, at *15-16 (D. Mass. Aug. 9, 2004), aff’d sub nom. DiGregorio v. Hartford Comprehensive Employee Ben. Serv. Co., 423 F.3d 6 (1st Cir. 2005) (quoting Terry, 145 F.3d at 36). Put another

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way, "exercising control over the administration of benefits is the defining feature of the proper defendant under 29 U.S.C. § 1132(a)(1)(B)." Llanos-Torres v. Home Depot Puerto Rico, Inc., No. CV 24-01058 (MAJ), 2024 WL 3639202, at *3 (D.P.R. Aug. 2, 2024) (*quoting Ministeri v. AECOM Tech. Corp.*, 2019 WL 13202778, at *3 (D. Mass. Sept. 10, 2019) (collecting cases); see also Cintron - Serrano v. Bristol-Myers Squibb Puerto Rico, Inc., 497 F.Supp.2d 272, 276 (D.P.R. 2007) (collecting cases)).¹

As discussed, upon review of the Administrative Record, the Plan clearly designates Royal Blue as the plan administrator. See (Docket No. 47-1 at 42). Yet, as highlighted, in an action for benefits under Section 502(a)(1)(B), this designation is not determinative. As plan administrator, Royal Blue designated LINA as its Claim Fiduciary. See (Docket No. 47-2 at 3). Pursuant to the document entitled "Employee Welfare Benefit Plan Appointment of Claim Fiduciary," as the appointed Claim Fiduciary, LINA is

¹See also Garren v. John Hancock Mut. Life Ins. Co., 114 F.3d 186, 187 (11th Cir. 1997) (per curiam). If an entity other than the named plan administrator makes the final benefits eligibility determination, then that entity functions as the plan administrator for purposes of an ERISA benefits claim; Law v. Ernst & Young, 956 F.2d 364, 372-73 (1st Cir. 1992) (treating party as plan administrator where it controlled administration of plan); Moore v. LaFayette Life Ins. Co., 458 F.3d 416, 438 (6th Cir. 2006) (imposing liability for ERISA benefits on entity acting as final decision-maker with respect benefits eligibility); Mendes v. Jednak, 92 F.Supp.2d 58, 66 (D.Conn. 2000) (dismissing claim against employer where employer as plan administrator had no involvement in decision to terminate benefits); MacMillan v. Provident Mut. Life Ins. Co., 32 F.Supp.2d 600, 604-05 (W.D.N.Y. 1999) (dismissing claim against plan administrator because claims administrator, not plan administrator, refused to pay benefits).

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"responsible for adjudicating claims for benefits under the Plan, and for deciding any appeals of adverse claim determinations." (Id.). In addition, according to this delegation by the plan administrator, LINA has "**the authority, in its discretion, to interpret the terms of the Plan, including the Policies, to decide questions of eligibility for coverage or benefits under the Plan; and to make any related findings of fact. All decisions made by such Claim Fiduciary shall be final and binding** on Participants and Beneficiaries of the Plan to the full extent permitted by law."

(Id.) (emphasis added).

Hence, even though Royal Blue is designated as plan administrator, Royal Blue does not necessarily function as the plan administrator for purposes of an ERISA benefits claim. Royal Blue played no role in the decision-making process regarding Slim's supplemental coverage and the eventual denial of benefits. Moreover, Royal Blue did not retain any discretion to make eligibility determinations. In this case, it is LINA as the Claim Fiduciary that has control over the process of reviewing claims and making final decisions regarding eligibility for benefits. LINA made the final eligibility determination as to Slim's requested spousal supplemental coverage.

Accordingly, Royal Blue, as Slim's employer, is not the proper defendant to this denial of benefits action.

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IV. CONCLUSION

For the reasons stated herein, the Court **GRANTS** LINA's Motion for Judgment at Docket No. 48 and Royal Blue's Motion for Judgment at Docket No. 49 and **DENIES** Plaintiff's Motion for Judgment at Docket No. 50. Judgment shall be entered accordingly, affirming the administrative decision to deny benefits.

IT IS SO ORDERED.

In San Juan, Puerto Rico, May 15, 2025.

s/Gina R. Méndez-Miró
GINA R. MÉNDEZ-MIRÓ
UNITED STATES DISTRICT JUDGE